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SUMMIT WEALTH PARTNERS

THE Rational Optimist™

Optimism Makes a Comeback

BY MITCH LEVIN, MD, CWPP, CAPP

"I think I will wait to invest, considering the market is at all time highs."

He really said this, which is a classic short-term view of, normally, very long-term events. He is a do-it-yourselfer. And he really believes he is not a market-timer.

The implication is: "Why would I foolishly invest at these high prices?"

Because who really, truly, definitely knows if, when, by how much, or for how long prices will decline? That's right - no one.

Not to put too fine a point on it, there have been over 1,135 "new market highs" since 1928. On average that is every 20 trading days.

Despite the Great Depression, World War II, Korea, Vietnam, Kennedy and King assassinations, LBJ's Great Society, multiple urban riots, Watergate, Black Friday, Clinton impeachment, the Great Recession, and the Great National Debt doubling...

Market increases have occurred 85% of all historical years. Will this happen in the future? Who knows? We are fact-based, goals-based planners. Not prognosticators. It would be counter-factual and counter-historical to believe there will not be new market highs in the future.

Here are a number of facts:

1. The President has called for more infra-structure spending, tax reform, financial reform, trade policy reform, immigration reform, energy reform, environmental reform, and foreign policy reform.

2. There is about $3 trillion of corporate cash held overseas that could be invested and repatriated with tax reform. This would present the possibility of companies receiving better tax treatment if they return to the US.

3. The 85 million echo boomers (aka Millennials) are just coming into their major purchase cycle. Creating a massive pent-up demand.

4. Rising interest rates may hurt bond prices relative to stock prices.

5. Corporate price-earnings ratios are about average for the past several decades.

6. The corporate investment strike is over.

The outcome? Perhaps optimism has made a comeback.

We, at Summit, are planners because investing is not short-term. Preserving or building wealth is not either. We plan and stick to our plans, adjusting when the major fact patterns change.

Make great (long-term) decisions,

Mitch

ALSO IN THIS ISSUE:

Leak Proof Budgeting

BY CHAD WARRICK, CHIEF INVESTMENT OFFICER

There is something very liberating about leaving land, stepping onto a boat, and exploring the breathtaking beauty of nature. Growing up, I spent a great amount of time fishing with some of my closest friends, and to this day the sight of a boat brings a smile to my face. It is not the man-made vessel itself that brings me joy but rather the memories it holds and the experiences it continues to facilitate.

As with all good things, the bliss of being out on the water comes with its pain points: Boat maintenance. A boat needs oil changes, battery replacements, cosmetic maintenance, engine repairs, leak repairs, regular cleaning to prevent rusting, etc. Even the smallest of boats can become a headache if maintenance is deferred. This is the reason many choose to take a proactive approach.

Let's focus on one area in specific: Leaks. Proactively checking for leaks is fairly easy. One can simply start opening compartments up and check for indicators of leakage. These indicators include rust stains, wet items found in dry areas, mildew, discolored cabin soles, etc.

While identifying a leak is rather easy, fixing it may be the hard part. Leaks can vary from a minor problem that can be easily resolved, to a complex issue that has gone unnoticed and now requires intricate repair and restoration.

Similarly, our financial picture may contain "leaks" of which we are oblivious. In a society where we have been encouraged to "auto-pilot" our expenses, budget leaks can be a predominant issue we simply forget to address.

From utilities, internet, and cable to gym memberships and cell phones – companies are encouraging an autopay approach to paying bills. While this is a wonderful way to be efficient, it may also be a wonderful way for small leaks to go unnoticed. My recommendation? Take the time to proactively check your financial picture for leaks.

At the beginning of this year, I did precisely what I am recommending. After reviewing my budget and monitoring my spending, I acknowledged I had room to do some maintenance.

> ***"Beware of little expenses. A small leak will sink a great ship." – Benjamin Franklin***

I began by reviewing my subscription expenses and cancelling the ones that I no longer use or have interest in. Then I proceeded by reviewing the remaining expenses on my budget. Three phone calls later, I was able to reduce my car insurance premium, my cable and internet expense, as well as my cell phone expense.

Some of you may be wondering, how much did that actually save you? Surprisingly, it was a larger savings than I expected. Annualized, it came out to about $3,348.

Now, imagine I invest that savings, every year, for the next 20 years at an annual interest rate of 5%. At this time, in 20 years I would have an extra $114,681 to kick off retirement.

Inversely, if you find yourself in retirement already, proactively checking for "leaks" can significantly extend the longevity of your assets.

In the next few newsletter articles I will dive into some of the complex components of budgeting and spending during retirement. This includes preparing for unexpected expenses, how retirement assets can be protected from inflating expenses, and the science of happiness within the constraints of a fixed budget.

Be Well,

Chad

Lock Down Your Cyber Security

BY ALYSSA FERRARO, CLIENT SERVICE SPECIALIST

We are living in times where security is rapidly changing the way we go about our daily business. The tools that we rely on for our financial transactions are not perfect. Thieves all over the world are after your identity and your money.

The reality is that even some of the top security experts in the world have had their credit cards stolen. Even our federal government has fallen victim to extensive data breaches that have made headline news.

While massive large-scale data breaches and attacks on large corporations seem like the obvious contributors to these staggering statistics, low-tech hacks are quickly becoming the more pressing source of stolen information.

In a study from Javelin Strategy and Research, 15.4 million Americans were victims of financial fraud and identity theft in 2016, which is a 16% increase from 2015. Undoubtedly, that number is expected to rise even further in 2017.

2017 will mark the ten-year anniversary of the executive order creating the Federal Identity Theft Task Force. Despite numerous advances in combating identity theft, it remains a top consumer complaint each year.

While, it is impossible to prevent hacks entirely, there are certainly steps that can be taken to help minimize risks. What can you do to reduce these risks? Change your habits.

Here are a few pointers to get you started on the right path:

Don't save your credit card information on websites. Although convenient, by saving your information you run the risk of trusting your credit card and related data, like your full name and address, with that company. Also, always verify that the website is secure by ensuring that the address URL starts with "https" instead of just "http".

Be cautious when using Wi-Fi. Unsecured Wi-Fi connections do not provide as much security as wired Internet connections or your mobile carrier's cellular data connections, leaving your information accessible to anyone. It is a good habit to make sure your Wi-Fi is turned off on your phone before conducting any financial business.

Use strong passwords and change them frequently. Make creative passwords that contain both numbers and letters and, if allowed, symbols. It is best not to not store passwords on your computer.

Be careful when checking your email. Financial institutions will never request your personal information in an email; rather they will direct you to login to your account. If you are unsure, it is best to call the institution using the telephone number you have on file, rather than one that appears in the email.

Review your credit report. Doing so may alert you to unauthorized activity. A study conducted by NBC suggests that 42% of Americans do not regularly check their credit reports. You can obtain a free credit report every 12 months from three different credit bureaus by contacting the Annual Credit Report Request Service at AnnualCreditReport.com, which is the only authorized online source for you to get a free credit report under federal law.

Identity theft may be on the rise, but we want to help you establish good security habits. The trust you place in us is paramount.

Our Client Portal, powered by eMoney Advisor, understands that confidentiality, integrity and availability of client information are vital to successful business operations. Key information within our Portal is protected by a multi-layered approach and is strictly monitored to address potential security threats.

Our Client Vault within our online Portal is a secure option available to you to save documents, as well as for us to exchange documents with you. This is another secure feature we provide for your use and protection that trumps email security.

Additional security features of our Client Portal include guaranteed network protection, reliable disaster recovery and data backup protocols. For more information on these features, please feel free to contact our office for additional literature.

We are always on your side, providing the finest and most secure measures to provide you with the tools to succeed.

Best Regards,

Alyssa

History of Ferderal Income Taxes

BY JASON PRINT, CFP®, SENIOR WEALTH ADVISOR

With tax season upon us and with President Trump beginning his term in office there has been a significant amount of discussion about possible changes to the U.S. tax code; therefore, we thought it would be timely to give a brief recap on the history of the U.S. income tax code.

When it comes to income tax, we all want reform. As it turns out, this has been the desire of Americans all along.

The United States imposed income taxes briefly during the Civil War and the 1890s, and on a permanent basis in 1913. In 1913, Congress enacted a top rate of 7% and a high exemption that spared all but 2% of households entirely. But just five years later, the top rate was 11 times higher.

Many of the same lawmakers who voted for the light and narrow tax of 1913 also voted for the heavy and much broader tax of 1918.

Still, the 1913 act deserves some scrutiny because many of the arguments surrounding its enactment remain alive today. If nothing else, history can remind us that issues of fiscal fairness were just as nettlesome then as they are now.

In reading the chapter on income taxes from the book "Twelve Classic Tales from the World of Wall Street," what surprised me the most was how a book written in the 1960s about tax thoughts, discussions, frustrations, and complications occurring during that time period, is just as applicable in the present era.

Looking specifically at the federal fiscal year in 1964 that ended June 30th, out of the $112 billion tax dollars that were paid by U.S. citizens, roughly $54.5 billion came from individual income taxes and $23.3 billion came from corporation income taxes.

While the tax code has changed significantly over the last 50 years, the proposition that the tax is neither logical, nor equitable is hardly anything new.

The tax code has, since essentially 1918, provided for taxing incomes at steeply progressive rates, while supplying an array of escape hatches so convenient that hardly anyone, no matter how rich, need pay the top rates for all of their income.

The pattern that has emerged is that it is relatively easy to introduce tax-avoidance devices, but not so easy to eliminate them. After raising tax rates to fund World War I, U.S. income tax rates declined through the 1920s and a personal exemption was added which excluded a number of taxpayers from owing taxes.

The 1920s also saw preferential treatment for capital gains. The Great Depression and the New Deal brought with them a trend toward higher tax rates and lower exemptions. It started an uptrend and historically peaked in 1944 and 1945 when the rate scale for individuals reached 23% at the low end and 94% at the high end, all while corporate rates reached a high of 80%.

I believe there is a relationship between the complexity of the U.S. economy and the tax code. As our country has changed over time from a farming economy to a manufacturing, service, and technology economy, the tax code has evolved as well. However, many of the original tax laws and those passed decades ago have remained intact.

In essence, the law gets more complex and continues to do so as our economy evolves.

Continued on page 6

As a value-added service to you, please feel free to tell your family, friends and colleagues that they may use us as a sounding board for their financial concerns free of charge and without obligation.

It All Starts With a Plan: Part 3

The Mechanics of a Succession Plan

BY ANDREW DICKENS, WEALTH ADVISOR AND 401(K) PLAN SPECIALIST

In my previous article on succession planning, I addressed the challenges for succession events at the end stage. In this article, I am going to focus on problems in regards to the mechanics that some succession plans may face.

This may sound strange, but the simplest succession planning problem to address is complexity.

You should keep any succession plan as simple as possible, so that it is easier understood and executed when the time is right.

Complexity for complexity's sake will usually benefit the people putting the plan together for you more than it will benefit you.

This dovetails into the communication plan. A succession plan for a family business should be openly, but also appropriately, communicated with all affected parties. This communication should remain open throughout the course of time.

A communication plan may include not only relatives and successors but potentially vendors, creditors, or even customers.

If the owner communicates sufficient details of a transition plan to business associates, those relationships are less likely to be impacted if there is a sudden departure of a key figure in the business.

Also, efforts to equalize the estate between benefactors should be considered. For instance, while the first thought may be to split a business up equally between children, it would not make sense if only one child was materially participating in running the business.

Equal does not always equate to being fair, and a child who inherits a business and is forced to split the profits between uninvolved siblings has the potential to become resentful.

Likewise, if the business is currently providing material support for a surviving spouse, careful consideration should be made to determine if that support needs to be provided by the business or if it could better be provided by an alternative source.

For instance, if your child inherits the family business but is required to pay monthly income to her mother, those cash flow drains on the business could restrict growth or merger opportunities. In addition, an event could suddenly impact the business' ability to provide that support.

Equal does not always equate to being fair.

Both situations would not be fair to anyone and could lead to strife between family members. Consider alternative methods of providing support that will not impact or be impacted by the growth or development of the business.

Throughout my past articles, we have broadly covered three main areas of a succession plan: creating the plan, the mechanics of the plan and the challenges that accompany the end stage of the plan.

We hope that the articles thus far have encouraged you to review your business and personal estate plans - or to start your plans if you have yet to do so! As always, remember your team at Summit is here to assist.

Regards,

Let us know how we can help.
***Thank you for your* TRUST *and* CONFIDENCE.**

Continued from page 4, History of Federal Income Taxes

Many would agree that the ideal income tax envisioned for the far future by many reformers would be characterized by a short and simple code with comparatively low rates and few exceptions to the rules. In its main structural features, this ideal tax code would bear a marked resemblance to that of 1913.

If put into action, the dreams and visions of a new tax code today would essentially bring us just about back to where we started.

If this were to happen, I suspect it would be a short time later when we would start to see changes to the tax code meant to help certain people of certain sectors of our economy or to make the rules fairer for others whom are unfairly taxed due to their current situation.

To keep perspective when discussing these topics, it is important to reflect back on history and remember that the frustrations of fiscal fairness are just as bothersome today as they were back when the tax code was implemented.

Best Regards,

Jason

Spring Ahead!
Daylight savings time is Sunday, March 12th.

SUMMITWISE
WE ARE A WEALTH OF KNOWLEDGE

What are the Ides of March?

Thanks to Shakespeare's dramatization, March 15—also called the Ides of March—is associated with Julius Caesar and the soothsayer's warning to him, "Beware of the Ides of March," but the term didn't originate with William Shakespeare.

The earliest Roman calendar, which consisted of ten months beginning with Martius (March), was believed to have been created around 753 B.C. when times and dates were expressed in relation to the lunar phase of the month. The full moon fell on either the 13th or 15th day of the month and was referred to as Ides. The ides of March—March 15—initially marked the first full moon of a new year.

During the late Roman Republic, a new year's festival was held on the ides of March, in which two annually-elected officials took office. In 46 B.C. Julius Caesar reformed the Roman calendar by adding ten days to the 355-day year, instituting January 1 as the first day of the New Year and introducing a leap year every four years. Shortly thereafter, he was granted the title "dictator for life." Concerned with Caesar's increasing power, a group of Roman senators stabbed the ruler to death on March 15, 44 B.C.—forever linking the ides of March with the assassination of Julius Caesar.

Source: History.com

FING*LISH* /'FiNG(g)liSH/(n.) - [Financial English]

Transumer : A consumer who values experience over ownership. Transumers are driven by the experience associated with using a product rather than owning it, and thus may be more likely to rent things when possible. Transumers typically have short attention spans, and are younger than traditional consumers.

Takeout Value : The estimated value of a company if it were to be taken private or acquired. A firm's takeout value considers various metrics, such as cash flows, assets, earnings and multiples used in similar takeovers. The current mergers and acquisitions environment can also affect the takeout value of a company.

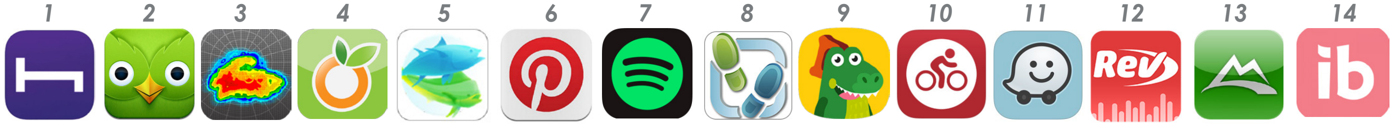
Per Stirpes : A stipulation that should a beneficiary predecease the testator, the beneficiary's share of the inheritance goes to his heirs. The term is commonly used in reference to an individual's assets under a will, but it is sometimes used in beneficiary designations for individual retirement accounts.

Source: Investopedia.com

SUMMIT SPOTLIGHT

A LOOK INTO THE LIVES OF THE SUMMIT TEAM

Summit App Store: Our Favorite and most used Apps



1. Hotel Tonight Last-minute accommodations that offer big savings

2. Duolingo Fun and easy to use app for learning another language

3. My Radar Accurate high definition National Doppler radar from NOAA, includes weather alerts

4. Our Groceries Grocery shopping list with the latest changes on every family member's phone

5. Pro Angler Weekly local fishing reports and GPS hot spots

6. Pinterest Creative ideas and boards to visually explore what interests you

7. Spotify Listen to music , search for songs, artist of albums, build your music collection

8. Parental Board Flexible parental controls to manage features and content on mobile devices for 2-13 year olds

9. Kids Mode Set limits to your child's usage and select which apps kids can use (Android)

10. Map My Ride GPS cycling and route tracker, workout routes, feedback and stats to improve your ride

11. Waze GPS navigation, crowd sourced traffic alerts, and detours to avoid traffic

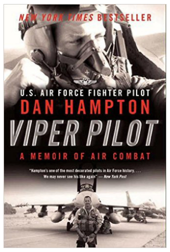
12. Rev Simple voice recording and transcription perfect for interviews and lectures

13. All Trails Hiking, Running, and biking trails, downloadable maps for offline use

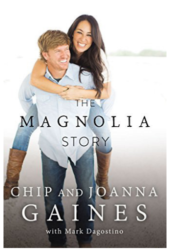
14. Ibotta Rebate app that uses scanned receipts and PayPal cash outs or gift cards- For grocery shopping and more

✚ It's worth noting that everyone at Summit also listed their banking app as the most useful app on their phone!

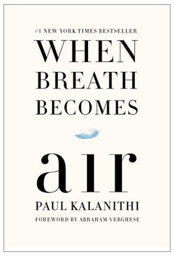
BOOKS WE'RE READING



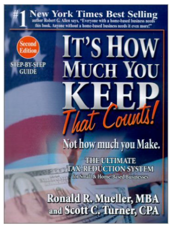
Viper Pilot: A Memoir of Air Combat
by Dan Hampton
An Air Force legend's thrilling eyewitness account of modern air warfare. For twenty years, Lieutenant Colonel Dan Hampton was a leading member of the Wild Weasels, logging 608 combat hours in the world's most iconic fighter jet: the F-16 "Fighting Falcon," or "Viper." It's an unforgettable look into the closed world of fighter pilots and modern air combat.



The Magnolia Story
by Chip & Joanna Gaines
Dynamic husband-and-wife team, Chip and Joanna, stars of HGTV's Fixer Upper, have become America's new best friends. From the very first renovation project they ever tackled together, to the project that nearly cost them everything; from the childhood memories that shaped them, to the twists and turns that led them to the life they share on the farm today.



When Breath Becomes Air
by Paul Kalanithi
At the age of thirty-six, on the verge of completing a decade's worth of training as a neurosurgeon, Paul Kalanithi was diagnosed with stage IV lung cancer. One day he was a doctor treating the dying, and the next he was a patient struggling to live. An unforgettable, life-affirming reflection on the challenge of facing death and on the relationship between doctor and patient.



It's How Much You Keep That Counts! Not How Much You Make.: The Ultimate Tax-Reduction System for Small and Home-Based Businesses
by Ph.D. Ronald R. Mueller
An easy-to-follow, step-by-step guide and the Tax Law that authorizes each deduction; Tax-Reduction Estimator, in just minutes see how much you will slash your taxes.

Cover Images & Summaries: amazon.com

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